

EXHIBIT 1

INTRODUCTION

Respondent Linda Davis, a long time member of the Sacramento Municipal Utility District, was an unsuccessful candidate for the 5th Assembly District of the California State Assembly in the November 3, 1998 municipal general election. Respondent Linda Davis for State Assembly (the "Committee") was the controlled committee of Respondent Linda Davis. Respondent Davis served as treasurer of Respondent Committee.

The Political Reform Act (the "Act")¹ requires candidates and their controlled committees to maintain specified records of the contributions that they receive and the expenditures that they make. In this matter, Respondents failed to maintain complete records for contributions received and expenditures made during the second pre-election reporting period October 1, 1998 through October 17, 1998.

For purposes of this stipulation, Respondents' violation of the Act is stated as follows:

Respondents Linda Davis and Linda Davis for State Assembly failed to maintain detailed accounts, records, bills, and receipts that were necessary to prepare the pre-election campaign statement for the reporting period October 1, 1998 through October 17, 1998, in violation of section 84104.

SUMMARY OF THE LAW

An express purpose of the Act, as set forth in section 81002, subdivision (a), is to ensure that receipts and expenditures in election campaigns are fully and truthfully disclosed, so that voters may be fully informed, and improper practices may be inhibited. In furtherance of this purpose of disclosure, the Act requires candidates and their controlled committees to file various campaign statements, disclosing the contributions that they have received and expenditures that they have made.

To ensure accurate campaign reporting, section 84104 requires candidates and their controlled committees to maintain detailed accounts, records, bills, and receipts that are necessary to prepare campaign statements. Maintenance of these documents is essential to verifying the accuracy of campaign statements.

For contributions of \$25 or more, regulation 18401, subdivision (a)(2), requires candidates and committees to keep a record of the date of each contribution, the amount of the contribution, and the full name and street address of the contributor. In addition to these records, the regulation further requires candidates and committees to keep original source documentation

¹ The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of title 2 of the California Code of Regulations. All regulatory references are to title 2, division 6 of the California Code of Regulations, unless otherwise indicated.

of each contribution, including copies of contributor checks, cashier's checks, money orders, wire transfers, deposit or duplicate deposit slips, and any other documents, reflecting all items deposited, and all deposits made, to any campaign account, in any bank or other financial institution. For contributions of \$100 or more, regulation 18401, subdivision (a)(3) requires candidates and committees to keep records of the occupation and employer of each individual contributor.

For expenditures of \$25 or more, regulation 18401, subdivision (a)(4), requires candidates and committees to keep a record of the date of each expenditure, the amount of the expenditure, the full name and street address of the payee, and a description of the goods or services for which the expenditure was made. In addition to these records, the regulation further requires candidates and committees to keep original source documentation of each expenditure, including cancelled checks, wire transfers, credit card charge slips, bills, receipts, invoices, statements, vouchers, and any other documents reflecting obligations incurred by the candidate or committee.

Regulation 18401, subdivision (b)(2) requires candidates and committees to maintain required campaign records for a period of four years following the date that the relevant campaign statement was filed.

SUMMARY OF THE FACTS

Respondent Linda Davis was an unsuccessful candidate for the 5th Assembly District of the California State Assembly in the November 3, 1998 municipal general election. Respondent Committee was the controlled committee of Respondent Linda Davis. Respondent Davis served as treasurer of Respondent Committee. This case arose from an audit of Respondent Committee by the Franchise Tax Board ("FTB") for the period January 1, 1998 through December 31, 1998. During the audit period, Respondents reported that they received contributions totaling \$26,383, and made expenditures totaling \$27,821.

COUNT 1

Failure to Maintain Detailed Records and Receipts for Pre-Election Statement

Respondents had a duty to maintain copies of contributor checks for each contribution of \$25 or more, and receipts for each expenditure of \$25 or more. During the reporting period October 1, 1998 through October 17, 1998, Respondents received 13 contributions of \$25 or more, totaling \$3,650. Of those contributions, Respondents did not maintain copies of contributor checks for six contributions totaling \$1,300. During the same reporting period, Respondents made expenditures of \$25 or more totaling approximately \$4,100. Of those expenditures, Respondents did not maintain receipts for expenditures totaling \$4,100.

By failing to maintain detailed accounts, records, bills, and receipts for contributions received and expenditures made during the reporting period October 1, 1998 through October 17, 1998, Respondents violated section 84104.

CONCLUSION

This matter consists of one count of violating the recordkeeping provisions of the Act, which carries a maximum administrative penalty of Two Thousand Dollars (\$2,000).

The typical administrative penalty for failing to maintain complete committee records ranges from \$1,000 to \$2,000 per count, depending upon the circumstances of the violation. In this matter, Respondents failed to maintain documentation for a relatively small amount of contributions and expenditures. Therefore, an administrative penalty at the low end of the settlement range is appropriate.

Accordingly, the facts of this case justify imposition of an administrative penalty of One Thousand Dollars (\$1,000).